SIMSEN INTERNATIONAL CORPORATION LIMITED
天行國際（控股）有限公司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 993)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2010

The Board of Directors (the "Board") of Simsen International Corporation Limited (the "Company") is pleased to present to the shareholders the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 31 October 2010 together with the comparative figures as follows. The condensed consolidated financial statements have not been audited, but have been reviewed by the Company's auditors, HLB Hodgson Impey Cheng, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants, and by the Company's audit committee (the "Audit Committee").

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 October 2010

		For the six months ended 31 October	
		2010	2009
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
			Restated
CONTINUING OPERATIONS			
REVENUE	*4*	**100,263**	110,520
Other income and gains		**2,007**	5,433
Brokerage and commission expenses		**(14,672)**	(47,232)
Administrative and other operating expenses		**(56,624)**	(53,756)
Impairment on intangible assets		**–**	(200)
Write off of items of property, plant and equipment		**(462)**	–
Write-back of provision for impairment on accounts receivable		**250**	221
Gain on disposal of subsidiaries		**5,789**	–
Gain on disposal of associates		**106**	–
Finance costs		**(361)**	(29)
Share of profits and losses of associates		**2,939**	–
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	*5*	**39,235**	14,957
Income tax	*6*	**–**	–

** for identification purposes only*

	Notes	For the six months ended 31 October **2010** *HK$'000* **(Unaudited)**	2009 *HK$'000* (Unaudited) *Restated*
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**39,235**	14,957
DISCONTINUED OPERATIONS			
Loss for the period from discontinued operations		**(278)**	(4,752)
PROFIT FOR THE PERIOD		**38,957**	10,205
Attributable to:			
Owners of the Company		**38,957**	7,755
Non-controlling interests		**–**	2,450
		38,957	10,205
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted			
For profit for the period (cents per share)	*7*	**3.60**	0.72
For profit from continuing operations (cents per share)	*7*	**3.62**	1.15

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 31 October 2010

	For the six months ended 31 October	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period	**38,957**	10,205
Other comprehensive (expense)/income for the period:		
Exchange difference arising on translation of foreign operations	**(40)**	54
Reclassification adjustment for reserve reclassified to profit and loss upon disposal of a subsidiary	**(38)**	5,947
OTHER COMPREHENSIVE (EXPENSE)/INCOME FOR THE PERIOD	**(78)**	6,001
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**38,879**	16,206
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Ordinary equity holders of the Company	**38,879**	13,756
Non-controlling interests	**–**	2,450
	38,879	16,206

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 October 2010

	Notes	**31 October 2010 *HK$'000* (Unaudited)**	30 April 2010 *HK$'000* (Audited) *Restated*
NON-CURRENT ASSETS			
Property, plant and equipment		**36,773**	40,088
Goodwill		**1,498**	1,498
Other long term assets		**3,753**	2,683
Intangible assets		**2,350**	2,350
Interest in a jointly-controlled entity		**–**	–
Interests in associates		**–**	39,523
Available-for-sale investments		**–**	–
Total non-current assets		**44,374**	86,142
CURRENT ASSETS			
Inventories		**–**	130
Accounts receivable	*8*	**497,407**	269,945
Promissory notes		**6,500**	–
Prepayments, deposits and other receivables		**21,975**	24,482
Due from associates		**–**	630
Equity investments at fair value through profit or loss		**2,773**	3,282
Bank trust account balances		**311,571**	243,211
Pledged bank deposits		**10,629**	10,628
Cash and cash equivalents		**99,148**	45,528
Total current assets		**950,003**	597,836
CURRENT LIABILITIES			
Accounts payable	*9*	**392,283**	307,900
Other payables and accruals		**6,689**	10,969
Due to an associate		**–**	12
Interest-bearing bank borrowings		**343,994**	150,277
Finance leases payable		**290**	358
Tax payable		**–**	70
Due to minority shareholders		**–**	884
Total current liabilities		**743,256**	470,470
NET CURRENT ASSETS		**206,747**	127,366

	Notes	**31 October 2010** *HK$'000* **(Unaudited)**	30 April 2010 *HK$'000* (Audited) *Restated*
TOTAL ASSETS LESS CURRENT LIABILITIES		**251,121**	213,508
NON-CURRENT LIABILITIES			
Finance leases payable		**465**	568
Loan from a minority shareholder		**–**	654
Deferred tax liabilities		**472**	472
Provision for long service payments		**2,636**	3,145
Total non-current liabilities		**3,573**	4,839
Net assets		**247,548**	208,669
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**10,830**	10,830
Reserves		**236,718**	197,839
Total equity		**247,548**	208,669

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS:

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 October 2010 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting'' issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended 30 April 2010 which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"). These unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values.

Change in the presentation of revenue

In prior periods, revenue included CCASS fee income and administrative and other operating expenses included CCASS fee expenses.

In the current period, the Group has revised the presentation of CCASS fee income and related expenses in order to provide more relevant information in respect of the Group's operations and to conform with market practices. The CCASS fee income is presented by netting off the related expenses in the condensed consolidated income statement within other income and gains.

The effects of the change in the presentation of revenue and other income and gains have been accounted for retrospectively with comparative figures restated. The specific line items affected are as follows:

	For the six months ended 31 October 2009 *HK$'000*
Decrease in administrative and other operating expenses	9,306
Decrease in revenue	(9,794)
Increase in other income and gains	488
Effect on profit for the period from continuing operations	—
Effect on basic and diluted loss per share attributable to ordinary equity holders of the Company	—

These changes do not have any impact on the results of the Group in respect of the current and prior periods.

2. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those adopted in the annual financial statements for the year ended 30 April 2010.

Effect of adopting HK Interpretation 5 ("HK Int-5")

HK Int-5 "Presentation of Financial Statements – Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause" has been applied retrospectively for annual periods beginning 1 May 2009. According to HK Int-5, if a term loan agreement includes an overriding repayment on demand clause ("callable feature"), which gives the lender a clear and unambiguous unconditional right to demand repayment at any time at its sole discretion, a borrower shall classify the term loan as a current liability in its statement of financial position, as the borrower does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Accordingly the long-term portion of the Group's mortgage loan of approximately HK$5,566,000 (As at 30 April 2010: approximately HK$6,284,000) was reclassified from non-current liabilities to current liabilities in the condensed consolidated statement of financial position as at 31 October 2010.

The Group has adopted the following new and revised HKFRSs for the first time for the current period's financial statements.

HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards
HKFRS 1 Amendments	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters
HKFRS 2 Amendments	Amendments to HKFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 Amendment	Amendment to HKAS 32 Financial Instruments: Presentation – Classification of Right Issues
HKAS 39 Amendment	Amendment to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
Amendments to HKFRS 5 included in Improvements to HKFRSs issued in October 2008	Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary
HK Interpretation 4 (Revised in December 2009)	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases
Improvements to HKFRSs (May 2009)	Amendments to a number of HKFRSs*

* Improvements to HKFRSs (May 2009) contain amendments to HKFRS 2, HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36, HKAS 38, HKAS 39, HK(IFRIC) – Int 9 and HK(IFRIC) – Int 16.

The adoption of these new and revised standards, interpretations and amendments has had no significant impact on these interim condensed consolidated financial statements.

New standard, amendments to standards and interpretations that have been issued but are not effective

The following new standard, amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 May 2010 and have not been early adopted:

HKFRSs (Amendment)	Improvements to HKFRSs 2010 (1)
HKFRS 9	Financial instruments (2)
HKAS 24 (Revised)	Related Party Disclosures (1)
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement (1)
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments (3)

(1) Effective for annual periods beginning on or after 1 January 2011
(2) Effective for annual periods beginning on or after 1 January 2013
(3) Effective for annual periods beginning on or after 1 July 2010

The directors anticipate that the adoption of these new standard, amendments to standards and interpretations will not result in a significant impact on the results and financial position of the Group.

3. OPERATING SEGMENT INFORMATION

For management purpose, the Group is organised into business units based on their product and services and has three reportable operating segments as follows:

(a) the securities segment represents broking and dealing of the securities, futures and options contracts, the provision of margin financing, advisory services, and results of investment holding and proprietary trading of securities;

(b) the bullion segment represents the broking and dealing of bullion contracts; and

(c) the forex segment represents the broking and dealing of forex contracts;

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The following tables present revenue and profit for the Group's reportable segments for the six months ended 31 October 2010 and 2009.

For the six months ended 31 October 2010

	Securities	**Bullion**	**Forex**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Segment revenue:				
Revenue from external customers	**44,619**	**9,861**	**45,783**	**100,263**
Other income and gains	**1,024**	**792**	**4**	**1,820**
Total	**45,643**	**10,653**	**45,787**	**102,083**
Segment results	**(4,106)**	**3,171**	**40,230**	**39,295**
Unallocated interest income and other income				**187**
Unallocated expenses				**(8,258)**
Written off of items of property, plant and equipment	**(462)**	**–**	**–**	**(462)**
Gain on disposal of subsidiaries				**5,789**
Gain on disposal of associates				**106**
Share of profits and losses of associates				**2,939**
Finance costs				**(361)**
Profit before tax from continuing operations				**39,235**
Income tax				**–**
Profit for the period from continuing operations				**39,235**

For the six months ended 31 October 2009 (restated)

	Securities	Bullion	Forex	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:				
Revenue from external customers	76,676	12,735	21,109	110,520
Other income and gains	4,460	873	9	5,342
Total	81,136	13,608	21,118	115,862
Segment results	14,811	(1,482)	16,439	29,768
Unallocated interest income and other income				91
Unallocated expenses				(14,673)
Impairment on intangible assets	(200)	–	–	(200)
Finance costs				(29)
Profit before tax from continuing operations				14,957
Income tax				–
Profit for the period from continuing operations				14,957

The following is an analysis of the Group's assets by operating segments:

	31 October 2010 *HK$'000* **(Unaudited)**	30 April 2010 *HK$'000* (Audited) *Restated*
Securities	**848,685**	511,616
Bullion	**8,462**	1,952
Forex	**98,467**	43,275
Corporate and others	**160**	29,167
Total segment assets	**955,774**	586,010
Interests in associates	**–**	39,523
Unallocated assets	**38,603**	58,445
	994,377	683,978

4. REVENUE

Revenue, which is also the Group's turnover, represents commission, brokerage and premium income from securities, bullion, forex, futures and options contracts; profit or loss on trading of securities and bullion contracts; advisory fee on advisory services provided; and interest income from margin financing activities. An analysis of the Group's revenue from continuing operations is as follows:

	For the six months ended 31 October	
	2010 *HK$'000*	2009 *HK$'000* *Restated*
Revenue		
Fees, commission and premium income from bullion, forex, securities, future and options contracts broking, net	**41,801**	80,010
Trading profit on bullion, forex, securities and futures contracts, net	**48,615**	25,700
Advisory fee	**2,301**	–
Interest income from margin financing activities	**7,183**	4,810
Other service income	**363**	–
	100,263	110,520

5. PROFIT BEFORE TAX

	For the six months ended 31 October	
	2010	2009
	HK$'000	*HK$'000*
		Restated
The Group's profit before tax from continuing operations is arrived at after charging/(crediting):		
Depreciation	**3,573**	2,889
Minimum lease payments under operating leases on rental of office premises	**11,030**	6,412
Employee benefits expense (including directors' remuneration)	**23,631**	24,749
Foreign exchange differences, net	**26**	(3,155)

6. INCOME TAX

No Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the period (2009: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

From continuing and discontinued operations:

The calculation of basic earnings per share for the continuing and discontinued operations is based on the profit for the period from the continuing and discontinued operations attributable to the ordinary equity holders of the Company of approximately HK$38,957,000 (2009: approximately HK$7,755,000) and 1,083,044,000 (2009: 1,083,044,000) weighted average number of ordinary shares in issue during the period.

Diluted earnings per share for the continuing and discontinued operations for the six months ended 31 October 2010 and 2009 have not been disclosed as no diluting event existed during these periods.

From continuing operations

The calculation of basic earnings per share for the continuing operations is based on the profit for the period from the continuing operations attributable to the equity holders of the Company of approximately HK$39,235,000 (2009 *restated*: approximately HK$12,507,000) and 1,083,044,000 (2009: 1,083,044,000) weighted average number of ordinary shares in issue during the period.

Diluted earnings per share for the continuing operations for the six months ended 31 October 2010 and 2009 have not been disclosed as no diluting event existed during these periods.

From discontinued operation

Basic loss per share for the discontinued operation is HK$0.03 cents per share (2009 restated: HK0.44 cents per share), based on the loss for the period from the discontinued operations of approximately HK$278,000 (2009 *restated*: approximately HK$4,752,000) and 1,083,044,000 (2009: 1,083,044,000) weighted average number of ordinary shares in issue during the period.

Diluted loss per share for the discontinued operations for the six months ended 31 October 2010 and 2009 have not been disclosed as no diluting event existed during these periods.

8. ACCOUNTS RECEIVABLE

	31 October 2010	30 April 2010
	HK$'000	*HK$'000*
Accounts receivable		
– from securities, futures, forex and bullion dealing services	**498,167**	271,098
– from money lending operations	**575**	575
– from trading operations	**160**	160
– from advisory operations	**180**	37
	499,082	271,870
Provision for impairment	**(1,675)**	(1,925)
	497,407	269,945

An aged analysis of the accounts receivable as at the end of the reporting period, based on the settlement due date and net of provision for impairment, is as follows:

	31 October 2010	30 April 2010
	HK$'000	*HK$'000*
Repayable:		
Current to 1 month	**496,314**	266,306
1 to 3 months	**120**	1,965
3 months to 1 year	**406**	424
Over 1 year	**567**	1,250
	497,407	269,945

The movements in provision for impairment of accounts receivable are as follows:

	31 October 2010	30 April 2010
	HK$'000	*HK$'000*
At beginning of period/year	**1,925**	40,107
Impairment losses recognised	**–**	707
Amounts written off as uncollectible	**–**	(38,034)
Impairment losses reversed	**(250)**	(365)
Disposal of a subsidiary	**–**	(490)
At end of period/year	**1,675**	1,925

9. ACCOUNTS PAYABLE

An aged analysis of the Group's accounts payable as at the end of the reporting period, based on the settlement due date, is as follows:

	31 October 2010	30 April 2010
	HK$'000	*HK$'000*
Current to 1 month	**392,283**	307,900

10. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current period's presentation.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 31 October 2010 (2009: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the period under review, the Group continues to dispose of its non-core business operations and concentrate its resources on its existing principal activities including securities, bullion and forex operations.

For the period under review, the Group recorded an unaudited profit of approximately HK$38,957,000 (2009: approximately HK$10,205,000). Revenue for the period under review was approximately HK$100,263,000 (2009: approximately HK$110,520,000), representing a decrease of approximately 9%.

Securities

The securities segment comprises broking and dealing of securities, futures and options contracts, provision of margin financing and advisory services, and results of investment holding and proprietary trading of securities. Revenue from the securities segment was approximately HK$44,619,000 for the period under review (2009: approximately HK$76,676,000), representing a decrease of approximately 43%. The decrease in revenue was mainly due to the decrease in broking income by 48% as compared to last corresponding period that was in line with the decrease in brokerage and commission income by over 72% as compared to last corresponding period.

Bullion

The bullion segment comprises broking and dealing of bullion contracts, which recorded a revenue of approximately HK$9,861,000 and a profit of approximately HK$3,171,000 respectively for the period under review (2009: a revenue of approximately HK$12,735,000 and a loss of approximately HK$1,482,000).

Forex

The forex segment comprises broking and dealing of forex contracts, which recorded a revenue of approximately HK$45,783,000 and a profit of approximately HK$40,230,000 respectively for the period under review (2009: approximately HK$21,109,000 and approximately HK$16,439,000).

Corporate and Others

The corporate and others segment comprises loan financing, entertainment business, the provision of management and consultancy services, mining operations and other services. The operations of this segment was discontinued during the period under review. The loss recorded for the period amounted to approximately HK$278,000 (2009: a loss of approximately HK$4,752,000).

CAPITAL STRUCTURE

As at 31 October 2010, the Group had secured bank loans and short-term bank borrowings of approximately HK$6,994,000 and HK$337,000,000 respectively bearing interest from Hong Kong dollar at prime rate minus 2.4% to the best lending rate plus 0.5% per annum and repayable on demand.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 October 2010, the current ratio of the Group was at approximately 128% and the net current assets were approximately HK$206,747,000. The Group's gearing ratio, which was derived by dividing the aggregate amount of bank borrowings and other interest-bearing loan by the amount of shareholder's equity, was approximately 139%.

SIGNIFICANT INVESTMENT AND DISPOSAL

During the period under review, the Group had the following significant investment and disposal:

On 18 August 2010, Manvin Services Limited (an indirect wholly-owned subsidiary of the Company) and Checkmate Advisors Limited entered into a sale and purchase agreement, pursuant to which Manvin Services Limited disposed of its 49% entire issued share capital of Sun Finance Company Limited to Checkmate Advisors Limited for a consideration of HK$9,300,000. Details of the above disposal were set out in the announcement of the Company dated 18 August 2010.

CONNECTED TRANSACTIONS

(1) On 15 October 2010, United Simsen Securities Limited (an indirect wholly-owned subsidiary of the Company) (the "Lender") entered into a loan agreement with Lynch Oasis Inc. ("Lynch Oasis"), pursuant to which the Lender had lent and Lynch Oasis had borrowed a loan of approximately HK$83,634,000 (the "Loan") for a period from 20 October 2010 to 27 October 2010 with repayment amount of approximately HK$83,662,000. The Loan was secured by the shares to be listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") to be allotted to Lynch Oasis under the subscription financed by the Loan as set out in the Loan Agreement.

    As Mr. Choi Chiu Fai, Stanley is a former executive Director of the Company resigned on 23 April 2010 and Lynch Oasis is owned as to 50% by Mr. Choi, and hence Lynch Oasis is a connected person of the Company. The grant of the Loan (the "Financial Assistance") constituted a connected transaction for the Company.

    Details of the Financial Assistance were set out in the circular of the Company dated 30 November 2010.

(2) On 23 April 2010, the Company and Mr. Chan Hok Ching (a former executive Director of the Company resigned on 23 April 2010 and a connected person of the Company) entered into an advisory agreement, pursuant to which Mr. Chan was appointed as an adviser of the Company for the period from 23 April 2010 to 31 December 2010 at a total fee of HK$234,000. According to the term of appointment, Mr. Chan is responsible to provide advices to the Board in order to ensure smooth and efficient running of the daily operation of the Group. The advisory agreement constituted a connected transaction for the Company, but is exempted from the announcement and independent shareholders' approval requirements.

(3) On 3 September 2010, Simsen Services Company Limited (an indirect wholly-owned subsidiaries of the Company) (the "Vendor") entered into a sale and purchase agreement with Cheung's Gold Traders Limited (the "Purchaser") which is wholly-owned by iWin Limited which in turn is owned as to 45% by Mr. Haywood Cheung, 30 % by Lynch Oasis and 25% by Mr. Cheung Tak Kwai, Stanley, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase two private vehicles at nil consideration.

Mr. Haywood Cheung is a former executive Director of the Company resigned on 23 April 2010 and is now the Honorary Chairman of the Company. Hence, the Purchaser is a connected person of the Company. The sale and purchase agreement constituted a connected transaction for the Company, but is exempted from the announcement and independent shareholders' approval requirements. The reason to dispose the said private vehicles are (1) the Group no longer requires them; and (2) the two private vehicles are aged and with insignificant market value, it is more beneficial to have them disposed to save foreseeable expensive maintenance and repairing costs.

(4) As at 31 October 2010, the Group has 12 staff registered as trader in the Gold and Silver Exchange Society through Cheung's Gold Traders Limited. The purpose of these registration is to facilitate the development of bullion business of the Group in China. Cheung's Gold Traders Limited has not received any consideration except for the reimbursements from the Group of relevant licence fees and costs paid on the Group's behalf. For the six months ended 31 October 2010, the Group has paid HK$3,600 for such expense.

CURRENCY STRUCTURE

As at 31 October 2010, the Group has the following assets and liabilities denominated in foreign currency:

	Foreign Currency	31 October 2010 '000
Accounts receivable	USD	20

CHARGES ON GROUP ASSETS

As at 31 October 2010, the total bank loans and obligations under finance lease amounted to approximately HK$343,994,000 and HK$755,000 respectively, which were secured by the properties held by the Group, a charge over securities under initial public offering and margin deposit as required for initial public offering and the leased assets acquired under the finance leases.

EMPLOYEE AND REMUNERATION POLICY

As at 31 October 2010, the Group employed a total of about 198 employees as compared to 231 employees in 2009. The Group recruits and promotes individuals based on merit and their development potentials for the positions offered. When formulating staff remuneration and benefit policies, primary considerations are given to their performance and prevailing salary levels in the market. Benefits provided to the employees by the Group including training, Mandatory Provident Fund and medical coverage. No share options were granted since the adoption of the share options scheme on 4 March 2002.

PROSPECTS

The Directors are confident in the future development of the Hong Kong Financial Market which is very much in line with the continuous growth of the World and China economies. To take advantage of this business opportunity, the Group has taken steps to plan ahead to expand its branch network, business lines and products in order to offer more comprehensive services in Year 2011.

Whilst there remains substantial uncertainties and challenges, the Group will continue to adopt prudent approach in respect of risk control, profit maximization and cost control. Having said that, the Group is expected to continue our dedication to the Hong Kong and China market, with an expectation to enhance the return to all stakeholders in future.

CORPORATE GOVERNANCE

The Board has adopted the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). During the six months ended 31 October 2010, the Company was in compliance with the code provisions set out in the CG Code except for the deviations from code provisions A.2.1 and E.1.2.

Code provision A.2.1 of the CG Code provides that the responsibilities between chairman and chief executive officer should be divided. The Company has not appointed a chief executive officer. The roles and functions of the chief executive officer have been performed by Mr. Sun Da Rui and Mr. Peng Xiaodong, both are executive Directors of the Company, collectively. The Board believes that such arrangement is for the benefits of the Group as it enables the two Directors with different expertise to make contribution to the Group.

Code provision E.1.2 of the CG Code provides that the chairman of the board should attend the annual general meeting, Mr. Sun Da Rui, the Chairman of the Board, did not attend the 2010 annual general meeting of the Company by the reason of his business trip.

Save as the aforesaid and in the opinion of the Directors, the Company has met the code provisions set out in the CG Code for the six months ended 31 October 2010.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period under review.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. The Company had made specific enquiries of all Directors regarding any non-compliance with the Model Code during the period, and received confirmations from all Directors that they had fully complied with the standards as set out in the Model Code.

AUDIT COMMITTEE

The Audit Committee was established in accordance with the requirements of the Rule 3.21 of the Listing Rules, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls systems, and compliance with the relevant rules and regulations. The Audit Committee comprises three independent non-executive Directors of the Company. The unaudited financial statements for the six months ended 31 October 2010 have been reviewed by the Audit Committee.

By Order of the Board
Simsen International Corporation Limited
Sun Da Rui
Chairman

Hong Kong, 29 December 2010

Executive Directors:
Mr. Sun Da Rui *(Chairman)*
Mr. Peng Xiaodong

Independent Non-Executive Directors:
Mr. Zhu Chengwu
Mr. Li Haifeng
Mr. Choi Man Chau, Michael